

CENTRAL INTELLIGENCE AGENCY

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SUPPLEMENT TO REPORT NO.

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The following are summaries of four conferences concerning various plans and policies held by the management of Ferromet, which is the export agency of KOVO (Czechoslovak Metallurgical and Mechanical Engineering Plants, National Corporation). The Ferromet head office is located at Prague II, trida Jana Opletala 27.

1. Summary of conference held on 26 April 1949

- a. Pipes to Israel: The question was raised whether pipes should be offered to Israel before a trade agreement is reached. The Ministry of Foreign Trade agreed, although it would have preferred to use this offer as a bargaining point in the forthcoming trade negotiations. It was finally decided that an attempt should be made to place these pipes in Switzerland before offering them to Israel.

Export to Switzerland: Negotiations are in progress with Herr Luthi. Switzerland is saturated with goods and is considering shifting its trade to the East. It is expected that orders will be placed in Czechoslovakia, in return for machines on a barter basis. Generally, trade with Switzerland is to be increased. However, no imports from Switzerland were to be accepted during May 1949, because of the backlog in the import plan. In view of the conservative attitude of the Swiss, business representatives are not to be exchanged in a hurry. The firm Merkuria proposed to import dyes and varnishes on a barter basis. The whole question of trade with Switzerland will be studied by the Control Department of the Ministry of Foreign Trade and the Directorate of the Czechoslovak Metallurgical Works.

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goods valued at 4 million Kcs, even though no letters of credit have been deposited to cover payment. An appropriate intervention will be made at the Ministry of Foreign Trade.

- d. Poland: By order of Dr. (fnu) Maloch, steel cables and foils (folie) are not to be included in the trade agreement with Poland.
- e. France: Dr. Maloch is opposed to imports of cast tubes from France. He will be asked to reverse his opinion, for fear that legal action might be taken by the French firm.
- f. Import of fittings from Switzerland: It is unlikely that import licenses for fittings from Switzerland will be granted. An inquiry will be made at the Olomouc plant of the Moravian Steel Works (Moravske Ocelarny) to determine whether or not the production capacity allows for the additional manufacture of these items so as to make imports unnecessary. Further inquiries will be directed at the Central Sales Department (Hutni predejna), to ascertain whether or not the need for fittings still exists.
- g. India: A demand has been put forward that trade with India, through Shippers, be continued in spite of the expiration of the terms set by the Ministry of Foreign Trade.
- h. Advertising: At international fairs, all export products are to be displayed even though they are not available at the moment.

2. Summary of conference held on 29 April 1949

- a. Dr. Ing. Jaroslav Jicinsky has been appointed General Manager of the Czechoslovak Metallurgical Works (Ceskoslovenske hute).
- b. Yugoslavia: In spite of a 10 million Kcs debt, Yugoslavia has not deposited any letters of credit.
- c. Offer of German-made pipes by a Swiss firm: A quotation for German pipes has been received from the Swiss firm Dubs. Prices are quoted free delivery at Schaffhausen and are eight to 28 per cent lower than Czechoslovak prices.
- d. Mannesmann-Trauzel: This firm will receive quotations for 150 tons of drill pipes and 150 tons of regular pipes. The transfer is to be carried out by the firm Merkuria, without

for imports of only 3,200 tons of charcoal-iron. Omnipol will probably protest to Ferromet about this. However, 2,000 tons are scheduled to be imported from the USSR to supplement the Swedish imports.

- f. Copies of "Model Business Letters" have been requested by the Ministry of Foreign Trade, to be used by newly established export colleges for instruction purposes.

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- a. Planning: In spite of the efforts of Dr. Maloch, no cast pipes will be imported until June 1949. Vice Minister of Foreign Trade, Dr. Loeb, has stated that planning on a purely arithmetical basis would have to be abandoned in favor of making allowances for the current trends in foreign trade and for the seasonal fluctuations of the market.
- b. Switzerland: The Swiss firm of A. Gehrig & Company cabled the Ministry of Foreign Trade that the existing price agreement has been abrogated by the French. A delegation will leave for Switzerland within the next few days to decide whether or not to remain in the cartel.
- c. Rollers: An unused quota, 230 tons, of the production capacity of the United Steel Works (SONAP, Spojene ocelarny) may be used for the manufacture of rollers which would have to be used for home consumption in order to replace worn-out material. Delivery of rollers to Yugoslavia will have to be deferred.
- d. Hematite from Austria: Hematite is to be imported from Austria in return for chocolate although the original agreement was that smallshot be exported for the hematite.
- e. Iceland: Mr. Johannesson placed tentative orders for nails to be exported to Iceland.
- f. Norway: Mr. Marstrand reported that Germany is bidding on the Norwegian market for orders for snow chains. In order to counteract this competition, delivery terms will have to be shortened this year. A further price reduction for bright (sic) wire was agreed upon to conform to Belgian prices. The Norwegians are demanding price reductions for rolled wire. Department V of the Ministry of Foreign Trade is submitting quotations in Norwegian crowns, whereas all other departments are quoting prices in dollars.
- g. Drawn wire: It is proposed to place sales in the sterling area via London, and to accept orders on short notice for immediate delivery. At the moment, wire is being manufactured under a Yugoslav contract.
- h. Finland: Under discussion are deliveries of nails, and a trade agreement providing for deliveries of finished articles by the Vitkovice Steel Works (Vitkovicke zelezarny).
- i. Brazil: Prices of bright wire have dropped in Brazil. In order to insure future contacts, it will be necessary to reduce the price for the current order of 200 tons for Gerdan & Company by \$13.00.
- j. Yugoslavia: Payment of 40 million Kcs is still outstanding. Of this amount, 18½ million is not covered by letters of credit. A complaint has been filed by the firm Rudarski about a shipment of rollers from the Poldi Metallurgical Works. The rollers cracked after two month's use.

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Way of an Austrian export is under consideration. Any provisions for the export of iron would be handled through the Turkish firm Tur...

- l. Bulgaria: Bulgarian firms connected with Bulgarian trade are permitted for consideration to the Ministry of Foreign Affairs.
- m. Denmark: J. J. Petersen, customs officer, will handle the delivery terms.
- n. Sweden: Price reduction on 50% of the price provided by reducing the delivery terms.
- o. USA: The price of the Chomut... and... by Russia... have... Moscow...

4. Summary Conference on 6 May

- a. Planning: Figures for the year 1949, respectively for the plan, are...
- b. Germany: Economic organization... A... by the firm... Duisb... by the Hungarian... information... to Germany.

of... regards production plants: In its... Agency, Ferromet has no obligations... plants other than those set down in the... plan. Export sales are being effected strictly in accordance with planned schedules, but not in order to provide full employment in the plants. Any intervention on the part of the plants, as regards sales policies, will be categorically rejected.

- d. Switzerland: This country is seeking large investment orders from Czechoslovakia. During the present slump in German-Swiss trade, there is a singular opportunity to cut in on business and earn as many Swiss Francs as possible. Czechoslovakia will not strictly adhere to the current international trade conventions, since they are not being observed by other member states. At this opportunity, an old claim of 73,000 Swiss Francs made by Brown-Boveri against the Vitkovice Steel Works, dating from the war, for the building of a power plant in Rumania, could be written off.
- e. Poland and Hungary: Economic cooperation with these two countries is to be increased. Negotiations between Hungary and Poland, regarding a common policy on the international market, have been completed. Ferromet signed an advance agreement with Hungary. Further negotiations with Ferunion are to be carried out in Budapest.

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contracts by underbidding.

- g. India: A request by India for delivery of sheet metal via Ferromet, London, has been rejected.
- h. Portugal: As of this date, the Portuguese consulate in Prague refuses to approve invoices without giving a reason for this action. The Portuguese representative announced that prices of wire are being further reduced. In Venezuela, a price reduction of \$85.00 will have been requested for a shipment of 30 tons of wire.
- i. USSR: The price of 300 tons of electroplated steel delivered by the USSR caused disagreement. Torgprom explained that the planned production target had not been reached by the Metallurgical Works, but this only applied to certain sizes of material produced.
- j. Holland: On the basis of the new trade agreement, there is an opening for the export of derricks to Holland.
- k. Norway: A Norwegian customer requested delivery of 100 steel bottles under a special authority. A representative was dispatched to Mr. Marstrand to settle the matter.

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